



DEFENSE LOGISTICS AGENCY
DEFENSE ENERGY SUPPORT CENTER
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FORT BELVOIR, VIRGINIA 22060-6222

IN REPLY
REFER TO

DESC-F

SEP 05 2002

MEMORANDUM FOR COMMANDER, DESC AMERICAS
COMMANDER, DESC EUROPE
COMMANDER, DESC MIDDLE EAST
COMMANDER, DESC PACIFIC
COMMANDING OFFICER, NAVAL PETROLEUM OFFICE
DIRECTOR, U.S. ARMY PETROLEUM CENTER

SUBJECT: Year-End Inventory Reconciliation Process

As we rapidly close in on the end of this extremely busy and eventful fiscal year, once again I ask for your continued support to ensure a successful fiscal year close out. Our goal is to ensure the September 30, 2002 inventory reflects, as closely as possible, the actual on-hand inventory at all Defense Fuel Support Points (DFSPs) for all products. In order to accomplish this we need everyone to devote special attention to accomplishing the following tasks:

- a. All transactions that occur prior to 2400 hrs., September 30, 2002 must be recorded by 1700 hrs. EST, October 1, 2002.
- b. A September 30, 2002 physical inventory must be reported for all ledgers no later than 1700 hrs. EST, October 1, 2002. The physical inventory must reflect the total amount of fuel in your inventory as of the last calendar day of the month.
- c. Complete inventory reconciliation is due no later than 1700 hrs. EST, October 1, 2002, although a normal monthly reconciliation goal is not later than the sixth of the month. End of year accounts not reconciled by October 1, 2002 could lead to inaccurate DESC inventory and year-end financial records. Hence, your assistance in helping us meet the goal of early, accurate and complete reporting is critical.
- d. The Office of the Secretary of Defense has compressed the timeline for the preparation of financial statements this fiscal year and as a result, DESC systems will be available on Saturday, September 28 and Sunday, September 29, to aid in the timely processing of transactions.

The timely reporting of transactions documenting receipts of fuel from contract assets is especially important so that invoices can be processed for timely payment without incurring interest penalties. Timely reporting of receipts, sales, and physical inventories will also prevent erroneous negative inventories from being recorded in our financial records and the untimely processing of obligations and bills.



Once again this year, Deloitte & Touché, the DLA auditor, will be reviewing the processing of transactions at year-end to determine the impact to our FY 2002 financial statements, with special emphasis on timely reporting. Failure to report activity and inventory levels within the time frames specified above would likely result in an adverse audit findings that won't bode well for any of us, so please give it your best effort.

In closing, I want to say the events of the past 12 months have been as dynamic and challenging as any the DoD fuels community has seen in many years. Operation Enduring Freedom really tested the mettle of the DoD fuels community and I'm proud to say we came through with flying colors. From the Airman, Soldier, and Sailor in the field all the way through to the civil servants and contractors behind the scenes, the POL community has always found a way to make even the seemingly impossible happen. Thank you all for the magnificent job this past year and for the extra effort to make this one of the smoothest end-of-year closeouts yet! Please ensure this letter receives the widest dissemination possible.


for JEFFREY A. JONES
Director

cc:
Commander, DESC East
Commander, DESC West